



## Money3 Corporation Limited

ABN: 63 117 296 143

# Appendix 4D [Rule 4.2A.3]

For the half year ended 31 December 2016

### Results for Announcement to the Market (All comparisons to 31 December 2015)

| Key Financial Information   | \$'000 | up/down | % movement |
|---|--------|---------|------------|
| Revenue from ordinary activities                                  | 51,699 | Up      | 9.1%       |
| Profit from ordinary activities after tax attributable to members | 13,773 | Up      | 37.7%      |
| Net profit for the period attributable to members                 | 13,773 | Up      | 37.7%      |

| Dividend Information                                     | Amount<br>per share<br>cents | Franked<br>amount<br>per<br>share<br>cents | Tax rate for<br>franking<br>credit |
|--|------------------------------|--|------------------------------------|
| Final 2016 dividend per share (paid 28 October 2016)     | 2.5                          | 2.5  | 30%                                |
| Interim 2017 dividend per share (to be paid 15 May 2017) | 2.5                          | 2.5  | 30%                                |

#### Interim 2017 Dividend Dates

|                  |               |
|------------------|---------------|
| Ex-dividend date | 14 March 2017 |
| Record date      | 15 March 2017 |
| Payment date     | 15 May 2017   |

The Company's Dividend Reinvestment Plan ("DRP") will apply in respect of the interim 2017 dividend.

|                                  | 31 Dec 16 | 31 Dec 15 |
|----------------------------------|-----------|-----------|
| Net Tangible Assets Per Security | \$0.96    | \$0.86    |

This report is based on the consolidated Financial Report for the half year ended 31 December 2016 which has been reviewed by BDO with the Independent Auditor's Report included in the Financial Report.



money3



HALF YEAR  
REPORT  
DECEMBER  
2016

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## Directors' Report

The Board of Directors (“the Board”) of Money3 Corporation Limited (“Money3” or “the Company”) present the following financial report on the consolidated entity, consisting of Money3 Corporation Limited and its subsidiaries (“the Group”) for the financial half year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Directors' Details

The following persons were Directors of the Company during the whole of the financial half year, unless otherwise stated, and up to the date of this report:

- Ray Malone (Chairman)
- Kang Tan
- Leath Nicholson
- Stuart Robertson
- Scott Baldwin
- Vaughan Webber (resigned 6 October 2016)

### Principal Activities

The principal activities of the Group during the course of the financial period were the provision of financial services specialising in the delivery of secured and unsecured personal loans.

There has been no significant change in the nature of the principal activities during the half year.

### Results of Operations

Money3 is pleased to announce its half year results for the half year ended 31 December 2016 and confirms its record Net Profit After Tax (“NPAT”) of \$13.7 million, based on this performance Money3 has upgraded its full year profit guidance to \$27.5 million.

Money3 continues to transform itself from a short term unsecured lender to a scalable diversified financial services company focusing on short and medium term loans, both secured and unsecured.

Money3 has a range of sustainable loan products that it offers to consumers who cannot access funding from traditional lenders and who want to move up the financial continuum to financial and social inclusion.

### Group Results

Headline achievements for the Group include:

- 9.1% increase in Revenue to \$51.7 million
- 36.8% increase in EBITDA to \$23.3 million
- 37.7% increase in NPAT to \$13.7 million
- 24.3% increase in Gross Loans Receivable to \$247.1 million
- Drawdown of \$10 million increasing debt facility to \$30 million to fund growth in FY17
- Interim FY17 dividend of 2.5 cents fully franked

For the half year ended 31 December 2016, Money3 delivered an outstanding financial result. Revenues were up 9.1% from \$47.4 million to \$51.7 million, with all divisions contributing in line with strategic objectives. A strong focus on expenses has reduced operating expenses and led to an improvement in Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”), increasing for the period 36.9% to \$23.4 million, up from \$17.1 million, and NPAT increased 37.7% to \$13.7 million, up from \$10.0 million.

### Product Mix Continues to Diversify

Within the Gross Loans Receivable, secured automotive loans have grown 52.5% against December 2015, to \$190.0m and now represent 76.9% of the total Gross Loans Receivable, compared to 69.5% at 31 December 2015. Larger amount longer term unsecured loans represents 9.8% of total Gross Loans Receivable and Small Amount Credit Contract (SACC) loans represent 13.4% of total Gross Loans Receivable, Money3 expects to see SACC's continue to decline as a percentage of the overall Gross Loans Receivable.

The key financial operating results of the Group are outlined in the below table:

|                               | 31 Dec 16<br>\$'000 | 31 Dec 15<br>\$'000 | % Change    |
|-------------------------------|---------------------|---------------------|-------------|
| Total revenue                 | 51,699              | 47,372              | 9.1         |
| EBITDA                        | 23,354              | 17,065              | 36.8        |
| NPAT                          | 13,773              | 10,002              | 37.7        |
| <b>Gross loans receivable</b> | <b>247,054</b>      | <b>198,844</b>      | <b>24.2</b> |
| <b>Net loans receivable</b>   | <b>217,190</b>      | <b>176,075</b>      | <b>23.4</b> |

### Strategic Update

Money3 will continue to drive further growth in the secured automotive loan business whilst diligently implementing cost savings that have been identified across the whole of Money3.

New product offerings of larger amount longer term loans will continue to be a focus throughout the business, which is aimed at diversifying the product mix being offered to customers through each of the distribution channels.

Money3 is actively pursuing further debt funding facilities in order to enable all parts of the business to continue to grow market share.

### Dividends

The Directors have declared an interim dividend of 2.5 cents per share. The dividend will be paid on the 15 May 2017 to those shareholders on the register at the close of business on the 15 March 2017.

### Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year under review.

### Significant Matters Subsequent to the Reporting Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Money3, the results or the state of affairs of the Company.

### Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report is 13,896,079 ordinary shares and 6,000,000 options (30 June 2016: 12,941,468 ordinary shares, 2,000,000 options).

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors,



Ray Malone  
Chairman  
Melbourne  
21 February 2017

**DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF MONEY3 CORPORATION LIMITED**

As lead auditor for the review of Money3 Corporation Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Money3 Corporation Limited and the entities it controlled during the period.



David Garvey  
Partner

**BDO East Coast Partnership**

Melbourne, 21 February 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Money3 Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Money3 Corporation Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Money3 Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Money3 Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Money3 Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey', is written over a faint, larger blue ink signature that appears to read 'BDO'.

**David Garvey**  
**Partner**

Melbourne, 21 February 2017



## Directors' Declaration

In accordance with a resolution of the Directors of Money3 Corporation Limited, the Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Ray Malone  
Chairman  
Melbourne  
Dated 21 February 2017

## Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2016

|  |      | Consolidated<br>Six months ended<br>31 December<br>2016<br>\$'000 | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$'000 |
|--|------|---|---|
|  | Note |   |   |
| Revenue from continuing operations                         | 3    | 51,699  | 47,372  |
| <b>Expenses from operating activities:</b>                 |      |   |   |
| Bad debt expense (net of recoveries)                       |      | 6,055   | 6,411   |
| Movement in provision for doubtful debt expense            |      | 2,672   | 1,415   |
| Bank fees and credit checks                                |      | 1,265   | 1,726   |
| Employee related expenses                                  |      | 11,763  | 12,815  |
| Professional fees  |      | 999   | 1,157   |
| Occupancy expenses   |      | 1,695   | 2,222   |
| Technology expenses  |      | 1,152   | 1,595   |
| Advertising expenses                                       |      | 2,429   | 2,839   |
| Administration expenses                                    |      | 315   | 127   |
| Net finance costs  |      | 2,928   | 2,019   |
| Depreciation and amortisation                              |      | 502   | 634   |
| <b>Total Expenses</b>                                      |      | <b>31,775</b>   | <b>32,960</b>   |
| <b>Profit before income tax from continuing operations</b> |      | <b>19,924</b>   | <b>14,412</b>   |
| Income tax expense   |      | (6,151)   | (4,410)   |
| <b>Profit after income tax from continuing operations</b>  |      | <b>13,773</b>   | <b>10,002</b>   |
| <b>Total comprehensive income net of tax</b>               |      | <b>13,773</b>   | <b>10,002</b>   |
| <b>Profit attributable to:</b>                             |      |   |   |
| Owners of Money3 Corporation Limited                       |      | 13,773  | 10,002  |
| <b>Total comprehensive income attributable to:</b>         |      |   |   |
| Owners of Money3 Corporation Limited                       |      | 13,773  | 10,002  |
| Basic earnings per share (cents)                           | 6    | 8.96  | 7.60  |
| Diluted earnings per share (cents)                         | 6    | 7.73  | 6.38  |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

## Statement of Financial Position

as at 31 December 2016

|                                      |      | Consolidated<br>31 December<br>2016<br>\$'000 | Consolidated<br>30 June<br>2016<br>\$'000 |
|--------------------------------------|------|---|---|
|                                      | Note |   |   |
| <b>ASSETS</b>                        |      |   |   |
| <b>Current assets</b>                |      |   |   |
| Cash and cash equivalents            |      | 7,773   | 27,183                                    |
| Loans and other receivables          | 4    | 115,897                                       | 103,685                                   |
| Other assets                         |      | 126   | 196                                       |
| <b>Total current assets</b>          |      | <b>123,796</b>                                | <b>131,064</b>                            |
| <b>Non-current assets</b>            |      |   |   |
| Loans and other receivables          | 4    | 86,938  | 60,707                                    |
| Other assets                         |      | 555   | 526                                       |
| Property, plant & equipment          |      | 2,150   | 2,006                                     |
| Intangible assets                    |      | 19,473  | 19,676                                    |
| Deferred tax assets                  |      | 5,072   | 4,389                                     |
| <b>Total non-current assets</b>      |      | <b>114,188</b>                                | <b>87,304</b>                             |
| <b>Total assets</b>                  |      | <b>237,984</b>                                | <b>218,368</b>                            |
| <b>LIABILITIES</b>                   |      |   |   |
| <b>Current liabilities</b>           |      |   |   |
| Trade and other payables             |      | 3,389   | 5,182                                     |
| Borrowings                           | 8    | 1,000   | -   |
| Current tax payable                  |      | 4,322   | 6,107                                     |
| Provisions                           |      | 1,748   | 1,689                                     |
| <b>Total current liabilities</b>     |      | <b>10,459</b>                                 | <b>12,978</b>                             |
| <b>Non-current liabilities</b>       |      |   |   |
| Borrowings                           | 8    | 59,120  | 48,633                                    |
| Provisions                           |      | 225   | 240                                       |
| <b>Total non-current liabilities</b> |      | <b>59,345</b>                                 | <b>48,873</b>                             |
| <b>Total liabilities</b>             |      | <b>69,804</b>                                 | <b>61,851</b>                             |
| <b>Net assets</b>                    |      | <b>168,180</b>                                | <b>156,517</b>                            |
| <b>EQUITY</b>                        |      |   |   |
| Issued capital                       | 7    | 124,851                                       | 123,590                                   |
| Reserves                             |      | 3,277   | 2,769                                     |
| Retained earnings                    |      | 40,052  | 30,158                                    |
| <b>Total equity</b>                  |      | <b>168,180</b>                                | <b>156,517</b>                            |

The statement of financial position is to be read in conjunction with the attached notes.

## Statement of Changes in Equity

for the half year ended 31 December 2016

### Consolidated

|  | Issued<br>Capital<br>\$'000 | Retained<br>Earnings<br>\$'000 | Reserves<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|--------------------------------|--------------------|-----------------|
| <b>Total equity at 1 July 2016</b>                                   | <b>123,590</b>              | <b>30,158</b>                  | <b>2,769</b>       | <b>156,517</b>  |
| Profit after income tax expense for the year                         | -                           | 13,773                         | -                  | 13,773          |
| Total comprehensive income for the year                              | -                           | 13,773                         | -                  | 13,773          |
| <b>Transactions with owners in their capacity as owners:</b>         |                             |                                |                    |                 |
| Employee share options - value of employee's service                 | -                           | -                              | 508                | 508             |
| Options exercised  | 1,261                       | -                              | -                  | 1,261           |
| Dividend paid  | -                           | (3,879)                        | -                  | (3,879)         |
| <b>Closing balance as at 31 December 2016</b>                        | <b>124,851</b>              | <b>40,052</b>                  | <b>3,277</b>       | <b>168,180</b>  |
| <b>Total equity at 1 July 2015</b>                                   | <b>102,181</b>              | <b>17,756</b>                  | <b>2,791</b>       | <b>122,728</b>  |
| Profit after income tax expense for the year                         | -                           | 10,002                         | -                  | 10,002          |
| Total comprehensive income for the year                              | -                           | 10,002                         | -                  | 10,002          |
| <b>Transactions with owners in their capacity as owners:</b>         |                             |                                |                    |                 |
| Issue of shares  | 19,533                      | -                              | -                  | 19,533          |
| Transaction costs arising from share issue                           | (793)                       | -                              | -                  | (793)           |
| Deferred tax asset due to transaction costs arising from share issue | 238                         | -                              | -                  | 238             |
| Share buy back   | (18)                        | -                              | -                  | (18)            |
| Employee share options - value of employee's service                 | -                           | -                              | 184                | 184             |
| Options exercised  | 400                         | -                              | -                  | 400             |
| Dividend paid  | 1,054*                      | (3,565)                        | -                  | (2,511)         |
| <b>Closing balance as at 31 December 2015</b>                        | <b>122,595</b>              | <b>24,193</b>                  | <b>2,975</b>       | <b>149,763</b>  |

\* Shares issued to shareholders that elected to participate in the DRP.

The statement of changes in equity is to be read in conjunction with the attached notes.

## Statement of Cash Flows

for the six months ended 31 December 2016

|   | Consolidated<br>Six months ended<br>31 December<br>2016<br>\$'000 | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$'000 |
|---|---|---|
| <b>Cash flows from operating activities</b>                 |   |   |
| Net fees and charges from customers                         | 45,645  | 39,049  |
| Net funds advanced to customers for loans                   | (39,603)  | (21,364)  |
| Payments to suppliers and employees (GST Inclusive)         | (22,642)  | (21,184)  |
| Interest received   | 137   | 76  |
| Finance costs   | (2,293)   | (1,620)   |
| Income tax paid   | (8,618)   | (1,500)   |
| <b>Net cash used in operating activities</b>                | <b>(27,374)</b>   | <b>(6,543)</b>  |
| <b>Cash flows from investing activities</b>                 |   |   |
| Payment for property, plant and equipment                   | (444)   | (251)   |
| Payments for purchase of business                           | -   | (27)  |
| <b>Net cash used in investing activities</b>                | <b>(444)</b>  | <b>(278)</b>  |
| <b>Cash flows from financing activities</b>                 |   |   |
| Proceeds from share issue                                   | 1,261   | 18,901  |
| Proceeds from borrowings                                    | 11,026  | 8,893   |
| Repayment of borrowings                                     | -   | (9,454)   |
| Dividends paid  | (3,879)   | (2,511)   |
| <b>Net cash provided by financing activities</b>            | <b>8,408</b>  | <b>15,829</b>   |
| <b>Net (decrease)/increase in cash held</b>                 | <b>(19,410)</b>   | <b>9,008</b>  |
| Cash and cash equivalents at the beginning of the half year | 27,183  | 12,418  |
| <b>Cash and cash equivalents at end of the half year</b>    | <b>7,773</b>  | <b>21,426</b>   |

The statement of cash flows is to be read in conjunction with the attached notes.

## Notes to the Financial Statements for the half year ended 31 December 2016

### Introduction

The interim financial report for the half year ended 31 December 2016 covers Money3 Corporation Limited ("Money3" or "the Company") and its controlled entities ("the Group"). Money3 is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). Money3 is incorporated and domiciled in Australia. The presentation currency and functional currency of the Group is Australian dollars and amounts are rounded to the nearest thousand dollars, unless otherwise indicated.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial report was authorised for issue by the Board of the Company at a directors meeting on the date shown on the Declaration by the Board attached to the Financial Statements.

## 1. Summary of Significant Accounting Policies

### Basis of accounting

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The financial statements have been prepared in accordance with Australian Accounting Standards, which are based on the Company continuing as a going concern which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

### Rounding of amounts

The Group and the Company are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

### Critical accounting estimates, assumptions and judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

### Notes to the financial statements

The notes to the financial statements have been restructured to make the financial report more relevant and readable, with a focus on information that is material to the operations, financial position and performance of the Group. Additional information has also been included where it is important for understanding the Group's performance.

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements.

## Notes to the Financial Statements for the half year ended 31 December 2016

(continued)

### 2. Segment Information

The Group has identified its operating segments on the basis of internal reports and components of Money3 that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances. Management has determined that the Group has three segments, being Broker, Branch and Online as outlined below:

#### Broker (previously Secured)

This segment provides lending facilities based on the provision of an underlying asset as security, generally referred through a broker.

#### Branch (previously part of Unsecured)

This segment provides services and lending facilities generally without the provision of an underlying asset as security through the branch network.

#### Online (previously part of Unsecured)

This segment provides lending facilities without the provision of an underlying asset as security through the internet.

Segment profit earned by each segment represents earnings without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, bad debt collection and income tax expense. This is the measure reported to the Managing Director for the purpose of resource allocation and assessment of segment performance. The unallocated assets include various corporate assets held at a corporate level that have not been allocated to the underlying segments.

| Consolidated<br>Six months ended<br>31 December<br>2016 | Broker        | Branch       | Online     | Unallocated    | Total         |
|---|---------------|--------------|------------|----------------|---------------|
|   | \$'000        | \$'000       | \$'000     | \$'000         | \$'000        |
| Segment revenue   | 27,156        | 16,681       | 7,862      | -              | 51,699        |
| EBITDA / Segment result                                 | 17,097        | 7,084        | 760        | (1,587)        | 23,354        |
| Depreciation and amortisation                           | (93)          | (148)        | (214)      | (47)           | (502)         |
| Net finance costs                                       | 1             | 4            | 2          | (2,935)        | (2,928)       |
| <b>Profit before tax</b>                                | <b>17,005</b> | <b>6,940</b> | <b>548</b> | <b>(4,569)</b> | <b>19,924</b> |
| Income tax expense                                      | -             | -            | -          | -              | (6,151)       |
| <b>Profit after tax</b>                                 | <b>-</b>      | <b>-</b>     | <b>-</b>   | <b>-</b>       | <b>13,773</b> |
| Net loans receivable                                    | 173,839       | 31,926       | 11,425     | -              | 217,190       |

| Consolidated<br>Six months ended<br>31 December<br>2015 | Broker        | Branch       | Online       | Unallocated    | Total         |
|---|---------------|--------------|--------------|----------------|---------------|
|   | \$'000        | \$'000       | \$'000       | \$'000         | \$'000        |
| Segment revenue   | 21,623        | 17,095       | 8,626        | 104            | 47,448        |
| EBITDA / Segment result                                 | 15,516        | 4,916        | 1,809        | (5,100)        | 17,141        |
| Depreciation and amortisation                           | (20)          | (139)        | (321)        | (154)          | (634)         |
| Net finance costs                                       | (1,929)       | 6            | 1            | (173)          | (2,095)       |
| <b>Profit before tax</b>                                | <b>13,567</b> | <b>4,783</b> | <b>1,489</b> | <b>(5,427)</b> | <b>14,412</b> |
| Income tax expense                                      | -             | -            | -            | -              | (4,410)       |
| <b>Profit after tax</b>                                 | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>       | <b>10,002</b> |

| Consolidated<br>30 June 2016 |         |        |        |   |         |
|------------------------------|---------|--------|--------|---|---------|
| Net loans receivable         | 139,062 | 25,781 | 11,230 | 2 | 176,075 |

## Notes to the Financial Statements for the half year ended 31 December 2016

(continued)

### 3. Revenue

|  | Consolidated<br>Six months ended<br>31 December<br>2016<br>\$'000 | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$'000 |
|--|---|---|
| <b>Revenue from operating activities</b>       |   |   |
| Loan fees and charges                          | 51,305  | 46,767  |
| Cheque cashing fees                            | 394   | 487   |
| Other  | -   | 118   |
| <b>Total revenue from operating activities</b> | <b>51,699</b>   | <b>47,372</b>   |

### 4. Loans and Other Receivables

|  | Consolidated<br>31 December<br>2016<br>\$'000 | Consolidated<br>30 June<br>2016<br>\$'000 |
|--|---|---|
| Current loans and other receivables      | 115,897                                       | 103,685                                   |
| Non-current loans and other receivables  | 86,938  | 60,707                                    |
| <b>Total loans and other receivables</b> | <b>202,835</b>                                | <b>164,392</b>                            |
| Gross loans and other receivables        | 247,054                                       | 198,844                                   |
| Deferred revenue                         | (29,864)                                      | (22,769)                                  |
| <b>Net loans and other receivables</b>   | <b>217,190</b>                                | <b>176,075</b>                            |
| Allowance for impairment losses          | (14,355)                                      | (11,683)                                  |
| <b>Total loans and other receivables</b> | <b>202,835</b>                                | <b>164,392</b>                            |

### Key Estimate

There is a key estimate that the recognition of income and the allowance for impairment will be in line with the repayment history of loans. These key estimates are regularly reviewed.

### Recognition and Measurement

Loans and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value, including direct transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and other receivables are due for settlement at various times in line with the terms of their contracts.

### 5. Dividends

|   | 2016<br>Cents per<br>share | 2016<br>\$'000 | 2015<br>Cents per<br>share | 2015<br>\$'000 |
|---|----------------------------|----------------|----------------------------|----------------|
| <b>The dividends were paid as follows:</b>  |                            |                |                            |                |
| Final dividend paid for the year ended 30 June –<br>fully franked at 30% tax rate | 2.5                        | 3,879          | 2.75                       | 3,565          |



## Notes to the Financial Statements for the half year ended 31 December 2016

(continued)

### 6. Earnings per share

|   | Consolidated<br>Six months<br>ended<br>31 December<br>2016<br>Cents | Consolidated<br>Six months<br>ended<br>31 December<br>2015<br>Cents |
|---|---|---|
| <b>a) Basic and diluted earnings per share</b>  |   |   |
| Basic earnings per share (cents per share)  | 8.96  | 7.60  |
| Diluted earnings per share (cents per share)  | 7.73  | 6.38  |
| <b>b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:</b> |   |   |
|   | <b>\$'000</b>   | <b>\$'000</b>   |
| Earnings used in basic and diluted earnings per share (NPAT)  | 13,773  | 10,002  |
|   | <b>Number<br/>( '000)</b>   | <b>Number<br/>( '000)</b>   |
| Weighted average number of ordinary shares for the purpose of basic earnings per share  | 153,799   | 131,543   |
| <b>Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share as follows:</b>            |   |   |
| Weighted average number of ordinary shares basic  | 153,799   | 131,543   |
| Dilutive potential ordinary shares  | 24,465  | 25,348  |
| Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share                            | 178,264   | 156,891   |

### 7. Issued Capital

|   | Consolidated<br>31 December 2016     |                 | Consolidated<br>30 June 2016         |                 |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
|   | Number of<br>ordinary shares<br>'000 | Value<br>\$'000 | Number of<br>ordinary shares<br>'000 | Value<br>\$'000 |
| Balance at the beginning of the period      | 152,483                              | 123,590         | 129,253                              | 102,181         |
| <b>Issued during the period:</b>            |                                      |                 |                                      |                 |
| Issue of shares – private placement         | -                                    | -               | 3,500                                | 3,325           |
| Issue of shares – rights issue              | -                                    | -               | 16,829                               | 15,987          |
| Share issue costs                           | -                                    | -               | -                                    | (840)           |
| Share buy back                              | -                                    | -               | (14)                                 | (17)            |
| Deferred tax credit                         | -                                    | -               | -                                    | 238             |
| Issue of shares – exercise of options       | 2,550                                | 1,264           | 600                                  | 400             |
| Issue of shares – employees share scheme    | 4                                    | (3)             | 205                                  | 221             |
| Issue of shares – employee                  | 176                                  | -               | 2,110                                | 2,095           |
| <b>Balance at end of the financial year</b> | <b>155,213</b>                       | <b>124,851</b>  | <b>152,483</b>                       | <b>123,590</b>  |

## Notes to the Financial Statements for the half year ended 31 December 2016

(continued)

### 8. Borrowings

|   | Consolidated<br>31 December<br>2016<br>\$'000 | Consolidated<br>30 June<br>2016<br>\$'000 |
|---|---|---|
| <b>Current</b>                              |   |   |
| Short term loan                             | 1,000   | -   |
|   | <b>1,000</b>                                  | <b>-</b>                                  |
| <b>Non-current</b>                          |   |   |
| Bonds                                       |   |   |
| - Bonds face value                          | 30,000  | 30,000                                    |
| - Unamortised bond issue and option costs   | (805)   | (1,267)                                   |
| Finance facility (net of unamortised costs) | 29,925  | 19,900                                    |
|   | <b>59,120</b>                                 | <b>48,633</b>                             |
| <b>Total borrowings</b>                     | <b>60,120</b>                                 | <b>48,633</b>                             |

### Recognition and Measurement

#### Finance Facility

On 31 May 2016, the Group entered into a \$20 million finance facility. The facility agreement is for 2 years from the date of the initial advance, being 1 June 2016. An additional \$10 million was drawn on 31 October 2016. The facility bears interest at a fixed rate of 12% payable monthly in arrears. The facility is subject to a first ranking General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Group.

#### Bonds

On 14 May 2014 the first tranche of the bond issue was made for \$15 million. The second tranche was issued on 30 June 2014 for \$15 million. The bonds have a maturity of 4 years and an interest rate of 9% paid quarterly. The bonds are secured by a second ranking general security deed over all of the Company's assets. The initial subscribers under the bond issue received 50 options for every \$100 invested. The exercise price of the options is \$1.296056 and can be exercised any time prior to maturity date.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

### Financing Facilities Available

|                               | Consolidated<br>31 December<br>2016<br>\$'000 | Consolidated<br>30 June<br>2016<br>\$'000 |
|-------------------------------|---|---|
| Finance facility              | 30,000  | 20,000                                    |
| Used at balance date          | (30,000)                                      | (20,000)                                  |
| <b>Unused at balance date</b> | <b>-</b>                                      | <b>-</b>                                  |

### 9. Significant Matters Subsequent to the Reporting Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results or the state of affairs of the Group in future years.